

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
RE: TENTATIVE DESIGNATION OF REDEVELOPER
DISPOSITION PARCEL D-10
IN THE WATERFRONT URBAN RENEWAL AREA
PROJECT NO. MASS. R-77

WHEREAS, the Boston Redevelopment Authority, (hereinafter referred to as the "Authority"), has entered into a contract for loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance in the hereinafter identified Project; and

WHEREAS, the Urban Renewal Plan for the Waterfront Urban Renewal Area, Project No. Mass. R-77, (hereinafter referred to as the "Project Area"), has been duly reviewed and approved in full compliance with local, State and Federal law; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion or national origin; and

WHEREAS, Marketplace Center Associates has expressed an interest in and has submitted a satisfactory proposal for the development of Disposition Parcel D-10 in the Waterfront Urban Renewal Area; and

WHEREAS, the Authority is cognizant of Chapter 30, Section 61 and 62 of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That Marketplace Center Associates be and hereby is tentatively designated as Redeveloper of Disposition Parcel D-10 in the Waterfront Urban Renewal Area subject to:
 - (a) Concurrence in the proposed disposal transaction by the Department of Housing and Urban Development, if necessary;
 - (b) Publication of all public disclosure and issuance of all approvals required by the Massachusetts General Laws and Title I of the Housing Act of 1949, as amended;
 - (c) Submission by the Redeveloper to the Authority within thirty (30) days of a letter of intent in which the Redeveloper agrees to comply with the following Lease provisions and acknowledgements:

- (i) The Leasehold Agreement will be executed within 90 days of tentative designation and the developer further agrees to comply with all the requirements necessary for final designation within 180 days of execution of Leasehold Agreement.
 - (ii) The Lease commencement date is agreed to be simultaneous with Final Designation and said Lease will be for a term of eighty (80) years.
 - (iii) The Lease base rental of \$1,800,000 annually will commence at Lease Commencement Date and the Lease shall provide for a Percentage Rental of 15% of annual net cash flow payable monthly in advance.
 - (iv) The Redeveloper agrees that the monthly rental of the parking lot will continue to be paid the Authority until the actual commencement of construction.
 - (v) The Letter of Intent shall also include such other terms and conditions as the Director deems appropriate and in the best interest of the Authority including summary terms of the leasehold agreement as attached hereto.
- (d) Submission within ninety (90) days in a form satisfactory to the Authority of:
- (i) Evidence of the availability of necessary financing for the project; and
 - (ii) Preliminary working drawings and outline specifications consistent with this designation and the controls of the Waterfront Urban Renewal Plan.
2. That disposal of Parcel D-10 by negotiation is the appropriate method of making the land available for redevelopment.
 3. That it is hereby determined that Marketplace Center Associates possess the qualifications and financial resources necessary to acquire and develop the land in accordance with the Urban Renewal Plan for the Area.
 4. That it is hereby found and determined that the proposed development will not result in significant damage to or impairment of the environment and further, that all practicable and feasible means and measures have been taken and are being utilized to avoid or minimize damage to the environment.
 5. That the Director is authorized to issue a license to Marketplace Center Associates for early entry to the site for test borings and other related survey work prior to final designation.

6. That the Secretary is hereby authorized and directed to publish notice of the proposed disposal transaction in accordance with Section 105(E) of the Housing Act of 1949, as amended, including information with respect to the "Redeveloper's Statement for Public Disclosure" (Federal Form H-6004).

SUMMARY TERMS OF LEASEHOLD AGREEMENT

PROPERTY: Parcel D-10 as designated by Lessor

LESSOR: Boston Redevelopment Authority

LESSEE: Marketplace Center Associates

TERM: 80 years

FINAL DESIGNATION: Not more than 180 days from the execution of the Leasehold Agreement subject to extension by mutual agreement of Lessor and Lessee.

LEASE COMMENCEMENT DATE: Simultaneous with Final Designation.

NET RENT: A. Base Rent - \$1.8 million per annum payable monthly in advance, commencing at the Lease Commencement Date.

B. Percentage Rent - 15% of annual net cash flow payable monthly in advance based on a budget prepared annually and submitted to Lessor not less than 60 days prior to the beginning of each fiscal year. Annual net cash flow shall be calculated by subtracting the following items from effective gross income: certified operating expenses, real estate taxes, Base Rent, and an annual amount equal to 13% of certified total project costs. Within 90 days of the end of each fiscal year Lessee shall submit a calculation of Percentage Rent for that year certified by a CPA acceptable to Lessor and shall make a payment, or receive a credit, of Percentage Rent based on the certified statement. Until the annual Percentage Rent amount is certified, and payments and credits are allocated, the monthly Percentage Rent payment in any fiscal year shall be no less than the average monthly Percentage Rent payable in the previous fiscal year.

RENEWAL: None

SUBORDINATION: Lessor's Base Rent shall not be subordinated to any financing of Lessee. Lessor shall subordinate its Percentage Rent to an initial permanent financing with an annual payment not in excess of 13% of total project costs. Lessor further agrees to subordinate its Percentage Rent to a construction loan on terms and conditions to be agreed upon as part of the Leasehold Agreement.

FINANCING: Any initial permanent financing shall not exceed certified total project costs.

REFINANCING: Lessor shall resubordinate its Percentage Rent to refinancing on terms and conditions to be approved by Lessor. Lessor shall receive as additional Percentage Rent upon execution of such refinancing an amount equal to 15% of net refinancing proceeds. After refinancing, the calculation of Percentage Rent shall be based upon an annual amount to be approved by the Lessor.

ALIENATION: Lessee may not dispose of its interest in the property for five (5) years after issuance of a final certificate of occupancy. Thereafter, Lessee may not dispose of its interest in the Property without the written consent of Lessor, such consent not to be unreasonably withheld.

ESTOPPEL
CERTIFICATE: Lessor agrees to provide any lender that notifies the Lessor of its mortgage interest with an Estoppel Certificate granting such lender notice of default and right to cure as may reasonably be required.

CONSTRUCTION
OF
IMPROVEMENTS: Lessee shall construct improvements on the Property in accordance with plans and specifications approved by Lessor as part of Lessee's Final Designation within 30 months of such Designation.

BOOKS AND
RECORDS: Lessee shall provide Lessor with a statement of project costs computed in accordance with the Land Lease, certified by a CPA, and approved by the Lessor, within 120 days of issuance of a final certificate of occupancy. Lessor will use industry standards as a guide to Lessor's approval.

In addition to the reports required for the Percentage Rent calculation, Lessee shall provide Lessor with a statement of operation for the Property certified by a CPA, and approved by the Lessor, within 90 days of the close of each fiscal year. Lessor will use industry standards as a guide to Lessor's approval.

SURFACE
PARKING: The existing temporary parking use on the Property shall continue until the commencement of construction and all rent payable during this time shall continue to be paid directly to the Lessor.

AFFIRMATIVE
ACTION: The Lessor expects the Lessee to comply in good faith with the Mayor's Executive Order concerning Affirmative Action goals for construction employment, permanent employment and minority business contracting. The Lessor will assist the Lessee in meeting these goals.



MEMORANDUM

JANUARY 21, 1982

4158

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: DOWNTOWN WATERFRONT-FANEUIL HALL URBAN RENEWAL PROJECT,
MASS. R-77 - TENTATIVE DESIGNATION OF REDEVELOPER FOR
PARCEL D-10

As a result of solicitation for development interest for a commercial and retail complex on Parcel D-10 in the Downtown Waterfront-Faneuil Hall Urban Renewal Area, the Authority received six preliminary proposals. Three of these development entities, namely The Beacon Companies; Marketplace Trust with the Rouse Co. and Boston Properties as principals; and Marketplace Center Associates with James F. Sullivan as principal; then submitted more detailed proposals. Although there were different designs submitted, each met the advertised design and use guidelines and resulted in approximately 425,000 gross square feet of space.

Each proposal was subjected to a detailed review process by the Authority staff. The primary review areas for evaluation were architectural treatment, use, ground level facade treatments, the retention and integration of the Walk to the Sea, financial capacity and development experience, transportation and circulation issues, conformity with the full range of advertised criteria, and the maximum benefit to the Authority and the City.

The submission of Marketplace Center Associates with James F. Sullivan and with WZMH Group, Inc. as architect, and Meredith & Grew as development consultant, is consistent with all of the objectives of the Authority and is recommended for tentative designation. The principals of Marketplace Center Associates have demonstrated sensitivity and strong ability in developing in the area including the satisfactory completion of Faneuil Hall Garage and the Mercantile Wharf Building. WZMH Group, Inc. is the architect for 53 State Street and the Four Seasons Hotel.

This proposal consists of 355,000 gross square feet of office space; 77,000 gross square feet of retail space; and 123 parking spaces. The total development cost is approximately \$60,000,000.00.

JANUARY 21, 1982

The massing of the proposal gives shape to the main mall of Faneuil Hall Markets and provides a gateway to and from the Waterfront Park. The 220 foot high office portion is along State Street, with the rest of the structure being three stories high and then stepping down to two stories along Commercial Street and on both sides of the Walk to the Sea. The shaping of these low rise buildings will form an expanded plaza which will accommodate and generate all kinds of public activities.

The Marketplace Center Associates proposal includes a unique "Museum of Boston" on the northerly edge of the Walk to the Sea, roughly patterned after Baltimore's renowned City Museum. The museum, which will be built by the developers at no cost to the City, will be a vital orientation location for tourists, as well as a museum for Boston and its surrounding residents to learn more about their urban surroundings, the waterfront, and the City's heritage. The developers will also absorb all cost for completing underartery improvements which will markedly improve the pedestrian environment by additional lighting, street reconstruction, proper landscaping and informational kiosks.

The developer has agreed that present parking lot revenue will continue to be paid the Authority until the commencement of construction and that lease payments will commence upon final designation.

The development team has the strong expertise, experience, and financial resources necessary to successfully and expeditiously undertake and complete the Marketplace Center.

This tentative designation is conditional on the submission of a Letter of Intent within 30 days agreeing to the substantive terms of this designation as outlined in the attached Resolution, and the execution of a leasehold agreement within 90 days, and achieving all requirements for final designation within 180 days of the execution of the leasehold agreement. The development has a construction start in 1982 and occupancy by 1984.

Accordingly, it is recommended that the Authority, by adoption of the attached Resolution, tentatively designate Marketplace Center Associates as redeveloper of Parcel D-10 in the Waterfront Project.